

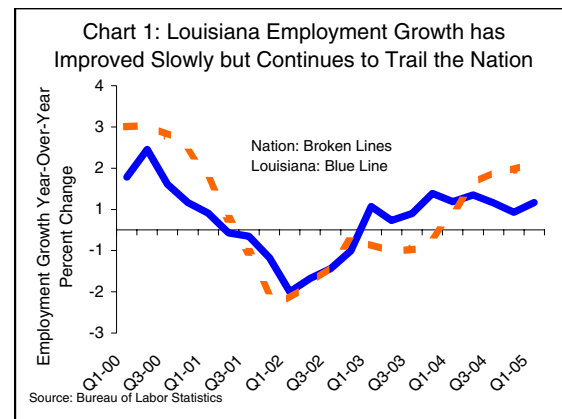
FDIC State Profile

Summer 2005

Louisiana

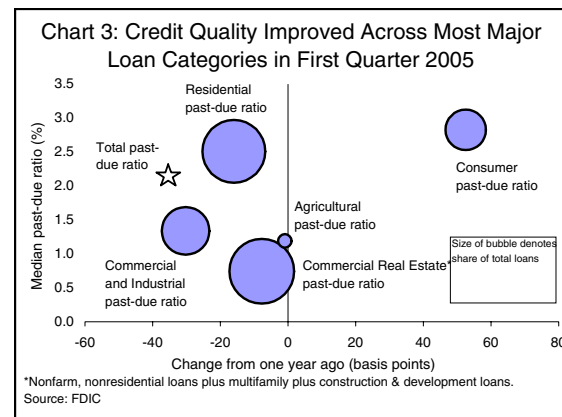
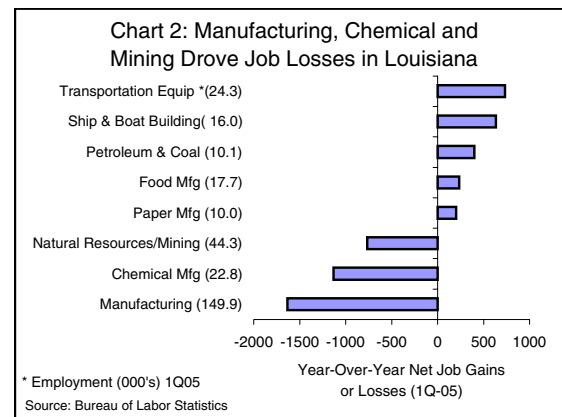
Labor conditions in Louisiana improved slightly in first quarter 2005.

- Louisiana continued to trail the nation in job growth during first quarter 2005, but the increase of 0.67 percent (12,700 jobs) was an improvement over the prior quarter (See Chart 1).
- The education and health, and leisure and hospitality sectors experienced strong employment growth, while job losses occurred in chemicals, construction, manufacturing, and telecommunications.
- Louisiana employment growth is expected to improve above 1 percent in 2006 for the first time in over two years, according to a projection by the Louisiana State University Center for Business and Economics.



Weaknesses remain in manufacturing driven by losses in the chemical sub-sector.

- The Louisiana manufacturing sector lost over 1,600 jobs on a year-over-year basis in first quarter 2005. The majority of the jobs losses were concentrated in the chemical sector (See Chart 2). The chemical industry has been shedding jobs primarily because of historically high prices for natural gas, a major ingredient, and rising foreign competition, a factor which makes it difficult to recoup increases in production costs. In contrast, transportation equipment, ship and boat building, and petroleum and coal products experienced growth during the quarter.
- The near-term prospects for manufacturing will be unfavorable if potential job cuts at two major employers occur. A media report speculates that Northrop Grumman Corporation's shipyard at **Avondale** may shed as many as 2,500 jobs because of the Navy's decision to reduce its orders of "landing platform docks."
- Similarly, because of uncertainty surrounding plans by the National Aeronautics and Space Administration, more than 2,000 jobs are at risk in an assembly plant operated by Lockheed Martin Space Systems in eastern **New Orleans**.



Louisiana home prices rose moderately.

- Historically, Louisiana home prices increased at moderate rates compared to the national average, and that trend continued during first quarter 2005. A major factor in the state's moderate home price appreciation is that demand has not exceeded supply, thus limiting highly competitive bidding which contributed to rapid price escalation in other areas of the country. Growth in income coupled with moderate increases in home prices helped the state to maintain a level of affordability above the national average.
- During the first quarter, Louisiana recorded a 5.8 percent increase in the prices of home compared with a national average of 12.5 percent. New Orleans reported the fastest home price appreciation in the state's metro areas at 7.6 percent, while **Alexandria** came in last at 2.8 percent.

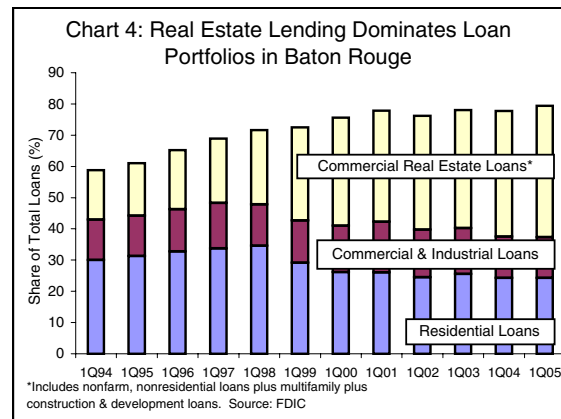
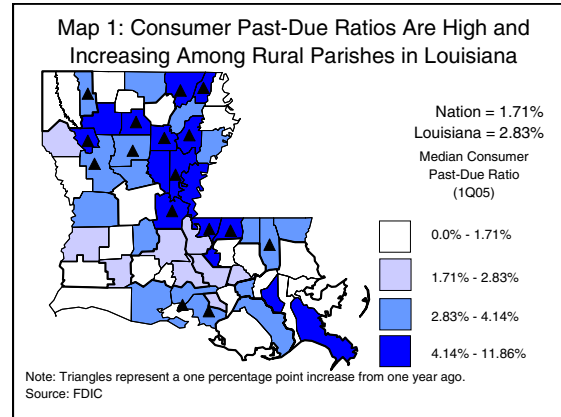
Overall credit quality improved, but concern remains within consumer portfolios.

- The median past-due ratio for all loans among insured institutions in Louisiana was 2.10 percent in first quarter 2005, down 37 basis points from one year ago. Improvement occurred across most major loan categories (See Chart 3).
- However, the median consumer past-due ratio of 2.83 percent ranked second highest in the nation for the first quarter. Additionally, the increase of 53 basis points from a year ago was the largest change among all states. Half of all insured institutions in Louisiana experienced a rise in their consumer past-due ratio with the most significant increases occurring in the state's rural areas (See Map 1).

Metro Spotlight: Baton Rouge

- Year-over-year employment levels in **Baton Rouge** grew 0.7 percent in first quarter 2005. This growth was significantly weaker from a year earlier when the metropolitan area recorded a strong 1.9 percent growth rate. Job losses were concentrated in construction, chemical, goods-producing, and wholesale sectors. In contrast, strong job growth occurred in education and health services, and leisure and hospitality.
- Residential and commercial construction permit activity increased 25 and 58 percent, respectively, in first quarter 2005 from one year ago. Anecdotal evidence suggests that the up-tick in activity was driven by home and business owners' desire to undertake construction activity before possible interest rate increases. Locally headquartered banks benefited from the expansion as evidenced by the fact that real estate lending reached the highest ever first quarter level (See Chart 4).

- Insured institutions appear to view Baton Rouge as a growth market since they continue to establish new branches. Recent mergers and acquisitions raise the prospect of more expansion in the area and the potential for increased competition.



Louisiana at a Glance

ECONOMIC INDICATORS (Change from year ago quarter, unless noted)

| Employment Growth Rates | Q1-05 | Q1-04 | Q1-03 | Q1-02 | Q1-01 |
|--|--------------|--------------|--------------|--------------|--------------|
| Total Nonfarm (share of trailing four quarter employment in parentheses) | 0.7% | 0.7% | 0.6% | -1.5% | 0.4% |
| Manufacturing (8%) | -1.0% | -2.9% | -2.6% | -8.2% | -1.2% |
| Other (non-manufacturing) Goods-Producing (8%) | -1.0% | -0.9% | -1.8% | -2.8% | -1.0% |
| Private Service-Producing (64%) | 1.2% | 1.4% | 1.1% | -0.6% | 0.9% |
| Government (20%) | 0.3% | 0.7% | 1.5% | -0.6% | 0.2% |
| Unemployment Rate (% of labor force) | 5.7 | 5.7 | 6.1 | 5.8 | 5.3 |

| Other Indicators | Q1-05 | Q1-04 | Q1-03 | Q1-02 | Q1-01 |
|--|--------------|--------------|--------------|--------------|--------------|
| Personal Income | N/A | 5.4% | 2.5% | 4.1% | 7.0% |
| Single-Family Home Permits | 30.1% | 7.2% | 0.7% | 18.3% | -9.4% |
| Multifamily Building Permits | -32.5% | 188.6% | -57.3% | -7.8% | 17.0% |
| Existing Home Sales | 7.1% | 4.0% | 5.7% | -2.9% | 10.4% |
| Home Price Index | 5.8% | 5.2% | 5.3% | 3.5% | 5.1% |
| Bankruptcy Filings per 1000 people (quarterly level) | 1.67 | 1.59 | 1.51 | 1.43 | 1.44 |

BANKING TRENDS

| General Information | Q1-05 | Q1-04 | Q1-03 | Q1-02 | Q1-01 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Institutions (#) | 165 | 168 | 172 | 174 | 177 |
| Total Assets (in millions) | 60,165 | 54,552 | 50,936 | 47,379 | 45,497 |
| New Institutions (# < 3 years) | 1 | 0 | 0 | 5 | 13 |
| Subchapter S Institutions | 40 | 38 | 35 | 27 | 23 |

| Asset Quality | Q1-05 | Q1-04 | Q1-03 | Q1-02 | Q1-01 |
|--|--------------|--------------|--------------|--------------|--------------|
| Past-Due and Nonaccrual Loans / Total Loans (median %) | 2.10 | 2.47 | 2.60 | 2.51 | 2.50 |
| ALLL/Total Loans (median %) | 1.30 | 1.34 | 1.34 | 1.26 | 1.30 |
| ALLL/Noncurrent Loans (median multiple) | 1.52 | 1.46 | 1.32 | 1.52 | 1.52 |
| Net Loan Losses / Total Loans (median %) | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 |

| Capital / Earnings | Q1-05 | Q1-04 | Q1-03 | Q1-02 | Q1-01 |
|--|--------------|--------------|--------------|--------------|--------------|
| Tier 1 Leverage (median %) | 10.20 | 9.77 | 10.39 | 10.06 | 10.23 |
| Return on Assets (median %) | 1.06 | 1.08 | 1.09 | 1.08 | 1.06 |
| Pretax Return on Assets (median %) | 1.50 | 1.49 | 1.46 | 1.48 | 1.47 |
| Net Interest Margin (median %) | 4.72 | 4.69 | 4.67 | 4.68 | 4.63 |
| Yield on Earning Assets (median %) | 7.15 | 7.09 | 7.16 | 7.36 | 7.71 |
| Cost of Funding Earning Assets (median %) | 2.52 | 2.51 | 2.64 | 2.84 | 3.16 |
| Provisions to Avg. Assets (median %) | 0.15 | 0.15 | 0.16 | 0.16 | 0.16 |
| Noninterest Income to Avg. Assets (median %) | 0.93 | 0.89 | 0.88 | 0.87 | 0.87 |
| Overhead to Avg. Assets (median %) | 3.60 | 3.60 | 3.63 | 3.57 | 3.57 |

| Liquidity / Sensitivity | Q1-05 | Q1-04 | Q1-03 | Q1-02 | Q1-01 |
|--|--------------|--------------|--------------|--------------|--------------|
| Loans to Assets (median %) | 61.2 | 59.8 | 58.3 | 59.5 | 60.1 |
| Noncore Funding to Assets (median %) | 20.2 | 19.9 | 18.1 | 18.6 | 17.4 |
| Long-term Assets to Assets (median %, call filers) | 12.7 | 12.6 | 13.3 | 14.2 | 13.6 |
| Brokered Deposits (number of institutions) | 15 | 16 | 15 | 13 | 10 |
| Brokered Deposits to Assets (median % for those above) | 3.2 | 1.3 | 0.8 | 1.3 | 1.9 |

| Loan Concentrations (median % of Tier 1 Capital) | Q1-05 | Q1-04 | Q1-03 | Q1-02 | Q1-01 |
|---|--------------|--------------|--------------|--------------|--------------|
| Commercial and Industrial | 77.9 | 72.5 | 66.4 | 65.1 | 71.3 |
| Commercial Real Estate | 161.9 | 145.8 | 128.0 | 114.7 | 101.7 |
| <i>Construction & Development</i> | 23.2 | 22.5 | 19.7 | 17.8 | 16.4 |
| <i>Multifamily Residential Real Estate</i> | 2.2 | 1.6 | 1.1 | 1.3 | 0.8 |
| <i>Nonresidential Real Estate</i> | 111.0 | 99.3 | 94.2 | 89.4 | 78.8 |
| Residential Real Estate | 187.9 | 188.4 | 185.8 | 180.7 | 184.3 |
| Consumer | 56.3 | 60.7 | 64.0 | 67.1 | 72.1 |
| Agriculture | 14.5 | 14.6 | 14.3 | 12.7 | 13.4 |

BANKING PROFILE

| Largest Deposit Markets | Institutions in Market | Deposits (\$ millions) | Asset Distribution | Institutions |
|---------------------------------|-------------------------------|-------------------------------|------------------------------|---------------------|
| New Orleans-Metairie-Kenner, LA | 40 | 19,794 | < \$250 million | 133 (80.6%) |
| Baton Rouge, LA | 41 | 8,946 | \$250 million to \$1 billion | 28 (17%) |
| Shreveport-Bossier City, LA | 19 | 3,698 | \$1 billion to \$10 billion | 3 (1.8%) |
| Lafayette, LA | 20 | 3,224 | > \$10 billion | 1 (0.6%) |
| Houma-Bayou Cane-Thibodaux, LA | 14 | 2,383 | | |